

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 501 - HB 506

March 7, 2013

SUMMARY OF BILL: Removes current requirement in Tenn. Code Ann. § 49-3-351 stating that the cost per square foot calculation in the Basic Education Program (BEP) funding formula be reduced by \$14.00 per square foot for kindergarten through fourth grade classrooms, and by \$12.00 per square foot for other classrooms, beginning in FY2010-2011 and subsequent fiscal years.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$33,700,000/BEP/FY13-14

Exceeds \$33,700,000/BEP/FY14-15 and Subsequent Years

Increase Local Expenditures –

Exceeds \$1,000,000/Permissive

Assumptions:


- According to the Comptroller of the Treasury and the Department of Education (DOE), funding in the amount of \$33,700,000 will be added to the capital outlay component of the BEP funding formula in FY13-14. It is estimated that capital outlay component funding in FY14-15 and subsequent fiscal years will exceed \$33,700,000.
- This bill requires the BEP funding formula to provide additional funding for additional capital outlay; however, it does not explicitly require local education agencies to use this funding for capital outlay expenses.
- Based on the BEP funding formula exclusively, and relative to the increased state portion of \$33,700,000, the required local BEP match would be approximately \$32,524,000. However, local education agencies (LEAs) are currently funding above and beyond their local match requirements; therefore, the DOE estimates that no actual increase in local BEP match funding will be required.
- LEAs will not be required to fund additional capital outlay expenditures; therefore, some LEAs may elect not to increase local funding; while other LEAs may choose to do so. For those LEAs electing to increase their capital outlay expenditures, some may be able to do so without any additional local funding while others may elect to match the state portion on some level.

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- For any LEAs electing to match the state portion, any such additional local expenditures would be considered permissive. The extent of any such additional local expenditures is dependent upon several unknown factors, thus making a precise estimate difficult. However, the permissive recurring increase in local government expenditures for new capital outlay is reasonably estimated to exceed \$1,000,000 statewide.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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